

Southeastern Louisiana University Foundation

Financial Report

Year Ended June 30, 2014

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PEDELAHORE & CO., LLP

Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
Southeastern Louisiana University Foundation
Hammond, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Southeastern Louisiana University Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southeastern Louisiana University Foundation as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

Summarized information for the year ended June 30, 2013 is presented for comparative purposes only and was extracted from the financial statements presented by fund for that year, on which we expressed an unqualified opinion in our report dated October 23, 2014.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenses on page 17 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2014, on our consideration of Southeastern Louisiana University Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southeastern Louisiana University Foundation's internal control over financial reporting and compliance.

Pebelehore & Co, LLP

October 23, 2014
New Orleans, Louisiana

Southeastern Louisiana University Foundation

Statement Of Financial Position

June 30, 2014

(With Comparative Totals for 2013)

	<u>Assets</u>	<u>2014</u>	<u>2013</u>
Current Assets			
Cash	\$	87,922	\$ 94,466
Current portion of receivables		107,076	38,054
Current unconditional promises to give		253,865	222,874
Investments		24,481,866	20,670,359
Prepaid insurance		31,973	35,429
Total current assets		<u>24,962,702</u>	<u>21,061,182</u>
Noncurrent Assets			
Long-term unconditional promises to give, net		133,460	347,644
Investments, endowment		14,840,390	14,504,957
Long-term portion of receivables		15,218	29,136
Property and equipment, net		4,095,467	4,231,816
Donated land		1,701,130	2,507,506
		<u>20,785,665</u>	<u>21,621,059</u>
		<u>\$ 45,748,367</u>	<u>\$ 42,682,241</u>
 <u>Liabilities And Net Assets</u>			
Current Liabilities			
Accounts payable	\$	124,775	\$ 259,484
Deferred rent		1,473,518	1,565,612
Agency funds/funds held in custody		13,883,816	12,407,759
Total current liabilities		<u>15,482,109</u>	<u>14,232,855</u>
Net Assets			
Unrestricted		982,904	881,306
Temporarily restricted		14,299,588	12,953,767
Permanently restricted		14,983,766	14,614,313
		<u>30,266,258</u>	<u>28,449,386</u>
		<u>\$ 45,748,367</u>	<u>\$ 42,682,241</u>

The Notes to Financial Statements are an integral part of these statements.

Southeastern Louisiana University Foundation
Statement Of Activities And Changes In Net Assets
Year Ended June 30, 2014
(With Comparative Totals for 2013)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals 2014</u>	<u>2013</u>
Revenue And Other Support					
Unrestricted donations	\$ 133,533	\$ -	\$ -	\$ 133,533	\$ 173,325
Special events	100,558	-	-	100,558	72,742
Management fee	477,661	-	-	477,661	402,193
Scholarships	-	56,981	10,000	66,981	104,785
Professorships	-	15,000	-	15,000	-
Chair	-	125	-	125	76,690
Program donations	-	493,232	-	493,232	266,657
Restricted donations	-	137,931	-	137,931	279,722
Rent, Livingston Center	-	92,095	-	92,095	92,095
Other	-	147,857	-	147,857	154,544
Donated land	-	-	83,000	83,000	-
In-kind donations	976	6,827	-	7,803	21,926
Endowments	-	-	301,453	301,453	345,734
Interest and dividends	44	-	-	44	24
Investment income	-	544,915	-	544,915	612,857
Realized gain	-	1,779,782	-	1,779,782	907,639
Unrealized gain	-	100,854	-	100,854	696,275
Total revenue and other support	<u>712,772</u>	<u>3,375,599</u>	<u>394,453</u>	<u>4,482,824</u>	<u>4,207,208</u>
Net Assets Released From Restrictions					
Satisfaction of program restrictions	2,029,778	(2,029,778)	-	-	-
Reclassification of Net Assets					
Donor imposed restrictions	<u>25,000</u>	<u>-</u>	<u>(25,000)</u>	<u>-</u>	<u>-</u>
Expenses					
Restricted	1,116,577	-	-	1,116,577	1,264,835
Endowment	913,201	-	-	913,201	903,023
Unrestricted	<u>636,174</u>	<u>-</u>	<u>-</u>	<u>636,174</u>	<u>583,855</u>
	<u>2,665,952</u>	<u>-</u>	<u>-</u>	<u>2,665,952</u>	<u>2,751,713</u>
Changes in net assets	101,598	1,345,821	369,453	1,816,872	1,455,495
Net Assets - Beginning Of Year	<u>881,306</u>	<u>12,953,767</u>	<u>14,614,313</u>	<u>28,449,386</u>	<u>26,993,891</u>
Net Assets - End Of Year	<u>\$ 982,904</u>	<u>\$ 14,299,588</u>	<u>\$ 14,983,766</u>	<u>\$ 30,266,258</u>	<u>\$28,449,386</u>

The Notes to Financial Statements are an integral part of these statements.

Southeastern Louisiana University Foundation

Statement Of Cash Flows

Year Ended June 30, 2014

(With Comparative Totals For 2013)

	<u>2014</u>	<u>2013</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 1,816,872	\$ 1,455,495
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation	136,349	134,793
(Gain) Loss on write down of assets	889,376	-
Donared land	(83,000)	-
Decrease (increase) in:		
Accounts receivable	128,090	(164,058)
Prepaid expenses	3,456	(5,578)
Increase (decrease) in:		
Accounts payable	(134,709)	219,166
Deferred revenue	<u>(92,095)</u>	<u>(92,095)</u>
Net cash provided by operating activities	<u>2,664,339</u>	<u>1,547,723</u>
Cash Flows From Investing Activities		
Purchases of investments	(4,146,940)	(12,494,903)
Increase in Agency funds	1,476,057	10,650,831
Purchase of property and equipment	<u>-</u>	<u>(62,235)</u>
Net cash used by investing activities	<u>(2,670,883)</u>	<u>(1,906,307)</u>
Net Decrease In Cash And Cash Equivalents	\$ (6,544)	\$ (358,584)
Cash and cash equivalents at beginning of year	<u>94,466</u>	<u>453,050</u>
Cash and cash equivalents at end of year	<u>\$ 87,922</u>	<u>\$ 94,466</u>

The Notes to Financial Statements are an integral part of these statements.

Southeastern Louisiana University Foundation
Notes To Financial Statements
Year Ended June 30, 2014

Note 1. Summary Of Significant Accounting Policies

Nature of Organization

Southeastern Louisiana University Foundation ("the Foundation") was incorporated on April 17, 1963 under the provisions of Louisiana Revised Statute 12:201-155 as Southeastern Development Foundation, Inc. a non-profit corporation. In June 2011, the name changed to Southeastern Louisiana University Foundation. The Foundation was formed to promote and support, on all levels, the Southeastern Louisiana University (SLU) programs, including the solicitation and acceptance of donations for the purpose of providing scholarships and other benefits for the university, its faculty, and its students.

Basis of Accounting

The financial statements of Southeastern Louisiana University Foundation have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets:

- Unrestricted net assets are not subject to donor-imposed stipulations.
- Temporarily restricted net assets are subject to donor-imposed stipulations that can be fulfilled by actions of the Foundation and/or the passage of time.
- Permanently restricted net assets are subject to donor-imposed stipulations that must be maintained permanently by the Foundation. Permanently restricted net assets are primarily comprised of the original endowment gift given to the Foundation by donors. The donors of these assets permit the Foundation to use the income from these assets.

Revenue Recognition

Revenues are reported as increases in unrestricted, temporarily restricted or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the

Southeastern Louisiana University Foundation
Notes To Financial Statements
Year Ended June 30, 2014

Note 1. Summary Of Significant Accounting Policies (continued)
Revenue Recognition (continued)

restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Expenses are reported as decreases in unrestricted net assets. Gain or losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less, except for investments purchased with endowment assets, which are classified as long-term investments.

Promises to Give

Pursuant with the Foundation's policy, the Foundation in conformity with Financial Accounting Standards Board (FASB) recommendations for not-for-profit entities, unconditional promises to give are recognized as revenue when the promise is made.

The Foundation uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Conditional Promises to Give

Pursuant with the Foundation's policy, the Foundation does not recognize conditional promises to give as revenue until the condition is met or the pledges are received.

Donated Services and Materials

Significant portions of the Foundation's fundraising events are conducted by unpaid volunteers and some materials are donated to the Foundation's fundraising events by unpaid vendors. The value of the donated services and materials was not reasonably determinable; therefore, no related donation or expense is recorded.

Southeastern Louisiana University Foundation

Notes To Financial Statements

Year Ended June 30, 2014

Note 1. Summary Of Significant Accounting Policies (continued)

Investments

The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Real estate investments, which were received by gift, are carried at an independently appraised market value as of the date of acquisition.

Property and Equipment

Purchased property and equipment are recorded at cost. Property and equipment donated to the Foundation are recorded at their fair market values at the date of donation. Depreciation is provided over the estimated useful lives of exhaustible assets on a straight-line basis over lives ranging from five to forty years.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Agency Funds

Agency funds consist of assets held for others, primarily Southeastern Louisiana University.

Endowment Funds

The Foundation's endowment consists of numerous endowments established for the purpose providing scholarships and other benefits for the university, its faculty, and its students. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation.

Southeastern Louisiana University Foundation
Notes To Financial Statements
Year Ended June 30, 2014

Note 1. Summary Of Significant Accounting Policies (continued)

Investment Return Objectives, Risk Parameters and Strategies

Primary Investment Objective

Long-Term Growth of Capital – Emphasis is placed on growth of capital while controlling risk over the long-term. Short-term volatility will be tolerated, consistent with the volatility of a comparable market index.

Secondary Invest Objective

Generation of Income – To ensure the ability to meet regular, expected current and future cash flow needs on a timely basis.

Volatility of Returns

The Board of Directors understands that in order to achieve stated long-term investment objectives, the Fund will experience volatility of returns and fluctuation in market value. The Board of Directors supports an investment strategy that reduces the probability of losses greater than those stated below. However, it realizes that the Fund's return objective is its primary concern. There is, of course, no guarantee that the fund will not sustain losses greater than those stated herein.

Risk Tolerance

In establishing the risk tolerance of the Fund, the ability to withstand short and intermediate-term volatility was considered. The Foundation Fund's prospects for the future, current financial condition and several other factors suggest collectively that interim fluctuations in market value and rates of return may be tolerated in order to achieve long-term objectives.

The risk tolerance can best be described as:

- Moderate (willing to accept some risk) – Willing to accept controlled risk in order to achieve an average to above average return on investments.

Spending Policy

The Investment Committee will set an annual spending target as a percentage of the total portfolio market in value in order to provide for endowments and to cover operating expenses. The Board of Directors will attempt to balance the Fund's short-term, endowment-making obligations with its goal to provide funding into

Southeastern Louisiana University Foundation
Notes To Financial Statements
Year Ended June 30, 2014

Note 1. Summary Of Significant Accounting Policies (continued)

Spending Policy (continued)

short-term, endowment-making obligations with its goal to provide funding into perpetuity, and therefore, design a spending policy that is flexible. Since expected investment returns from "riskier" portfolios are not consistent and predictable, the Board of Directors feels that short-term spending in terms of dollars must be flexible enough to endure periods of underperformance without excessive deterioration of real principle.

The Spending policy target has been established at 3% per year based on a 3 year moving average.

Performance Expectations

The performance goal will be established based on the Fund's expectations, needs and risk tolerance. Performance expectations should be reasonable over the long term but are not to be used as benchmarks for total fund performance on a year-in and year-out basis. Investment performance will be reviewed at least annually to determine the continued feasibility of achieving the investment objectives and the appropriateness of the Investment Policy Statement for achieving those objectives.

Over the investment time horizon, the return goals of the aggregate Fund have been established at:

- An absolute rate of return of 7.5%
- A relative return of the Consumer Price Index (CPI) plus 3.5%

Income Taxes

Under provisions of the Internal Revenue Code, Section 501(c)(3), and the applicable income tax regulations of Louisiana, the Foundation is exempt from taxes on income other than unrelated business income. The Foundation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(VI). Since the Foundation had no net unrelated business income during the year ended June 30, 2014, no provision for income tax was made. Management has evaluated its tax positions and has determined that there are no uncertainties in income taxes that require adjustments for or disclosures in the financial statements.

Southeastern Louisiana University Foundation
Notes To Financial Statements
Year Ended June 30, 2014

Note 1. Summary Of Significant Accounting Policies (continued)

Income Taxes (continued)

Also, the Foundation's federal income tax returns are subject to possible examination by the taxing authorities until the expiration of the related statutes of limitations on those returns. In general, both the federal and state income tax returns have a three year statute of limitations.

Accounts Receivables

Accounts receivables consist of an amount due from a related party, Lion Athletic Association in the amount \$22,548, a note receivable in the amount of \$6,579 and reimbursement for salary and other expenses in the amount of \$93,167. Management believes the amounts are collectible, and no provision has been made for uncollectible amounts.

Note 2. Investments

Investment fees for the year ended June 30, 2014 are \$135,046. Investments are comprised of the following as of June 30, 2014:

	<u>Fair Value</u>
Cash and Cash Equivalents	\$ 1,616,754
Debt Securities	12,419,464
Equity Securities	24,601,525
Investments in Maurin Farm, LLC	678,599
Minerals	<u>5,913</u>
	<u>\$ 39,322,256</u>

Note 3. Fair Value Measurements

Generally Accepted Accounting Principles defines fair value and establishes a hierarchy for reporting the reliability of input measurements used to assess fair value. Fair value is the selling price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The hierarchy prioritizes fair value measurements based on the types of inputs used in the valuation technique. The inputs are categorized in the following levels:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Southeastern Louisiana University Foundation
Notes To Financial Statements
Year Ended June 30, 2014

Note 3. Fair Value Measurements (continued)

Level 2: Observable inputs, including Level 1 prices that have been adjusted; quoted prices for similar assets or liabilities; quoted prices for similar assets and liabilities; and other inputs that are observable or can be substantially corroborated by observable market data.

Level 3: Unobservable inputs not corroborated by market data, therefore, requiring the entity to use the best available information available in the circumstances, including the entity's own data.

Certain financial instruments are carried at cost on the balance sheets, which approximates fair value due to their short-term, highly liquid nature. These instruments include cash and cash equivalents, contract and accounts receivable-trade, accounts payable and other current liabilities.

The following table presents the Foundation's assets measured at fair value on a recurring basis at June 30, 2014.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 1,616,754	\$ -	\$ -	\$ 1,616,754
Debt Securities	12,419,464	-	-	12,419,464
Equity Securities	24,601,525	-	-	24,601,525
Investment in Maurin Farm, LLC	-	678,599	-	678,599
Minerals	<u>5,913</u>	<u>-</u>	<u>-</u>	<u>5,913</u>
Total Assets at Fair Value	<u>\$ 38,643,657</u>	<u>\$ 678,599</u>	<u>\$ -</u>	<u>\$39,322,256</u>

The Foundation recognizes transfer of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels in the years ended June 30, 2014.

Note 4. Unconditional Promises To Give Receivable

Pledge Receivables at June 30, 2014 are as follows:

Receivable in Less than One Year	\$ 253,865
Receivable in One to Five Years	<u>151,105</u>
Total Pledges Receivables	404,970
Less Allowance for Uncollectible Pledges	<u>(17,645)</u>
Net Pledges Receivable at June 30, 2014	<u>\$ 387,325</u>

Southeastern Louisiana University Foundation

Notes To Financial Statements

Year Ended June 30, 2014

Note 4. Unconditional Promises To Give Receivable (continued)

Management estimated the allowance for uncollectible pledges to be approximately four percent of total pledged receivables. The pledge receivables are unsecured.

Note 5. Concentration Of Credit Risk Due To Promises To Give Receivable

At June 30, 2014, approximately 40% or \$170,000 of the Foundation's \$404,970 in pledge receivables is due from two donors.

Note 6. Net Assets

Temporarily restricted net assets at June 30, 2014, consisted of the following:

Livingston Literacy Center Building and Furnishings, Net Depreciation	\$ 4,095,467
Land	1,701,130
Scholarships and University Program Support	<u>8,512,045</u>
	<u>\$ 14,308,642</u>
 Endowment net assets, beginning of year	 \$ 12,953,767
Contributions	960,048
Investment Income	2,324,697
Net appreciation	100,854
Amounts appropriated for expenditure	<u>(2,030,724)</u>
Endowment net assets end of year	<u>\$ 14,308,642</u>

Permanently restricted net assets at June 30, 2014, consisted of the following endowed gifts to be held in perpetuity with income to be used for scholarships:

Endowment Net Assets, Beginning of Year	\$ 14,614,313
Contributions	359,480
Return of Endowment Funds	<u>(25,000)</u>
Endowment Net Assets, End of Year	<u>\$ 14,948,793</u>

Note 7. Reclassification Of Net Assets

During the fiscal year ended June 30, 2014, \$25,000 of endowment funds was reclassified from a permanently restricted endowment and returned to the donor.

Southeastern Louisiana University Foundation
Notes To Financial Statements
Year Ended June 30, 2014

Note 8. Property And Equipment

A summary of property and equipment at June 30, 2014 follows:

Building	\$ 5,205,031
Furniture	<u>185,794</u>
Total Property and Equipment	5,390,825
Accumulated Depreciation	<u>(1,295,358)</u>
Net Property and Equipment	<u>\$ 4,095,467</u>

Note 9. Related Party Transactions

During the fiscal year ended June 30, 2014, the Foundation occupied office space in a building owned by Southeastern Louisiana University Alumni Association, Inc. Under the terms of the lease agreement for the land housing the facilities between the Board of Trustees for State Colleges and Universities (Landlord), and the Southeastern Louisiana University Alumni Association, Inc. (Tenant), the Landlord assumed responsibility for repair, maintenance, taxes, and insurance coverage for the facility, and the Tenant agreed to sublease approximately 3,000 square feet of office space to Southeastern Louisiana University including the space housing the Southeastern Louisiana University Foundation.

In accordance with Louisiana Revised Statutes LSA-RS 17.3390, the Foundation is of the opinion that all expenditures and in-kind services, except unrestricted funds used for administration, benefit the University. These amounts greatly exceed the cost of housing, personnel, and other support furnished to the Foundation by the University. The value of the facilities used by the Foundation was not reasonably determinable; therefore, no related donation or expense is recorded.

A Board Member also served as the Foundation's attorney. During the fiscal year ended June 30, 2014, the Foundation paid \$74,726 in legal fees to his firm to represent the Foundation in a lawsuit.

Note 10. Fundraising Expense Ratio

The following represents the entity's fund raising expense ratio for the year ended June 30, 2014:

Total support generated in the statement of activities	\$ 1,462,500
Fund raising expense	\$ 128,484
Fund raising expense ratio	8.1%

Southeastern Louisiana University Foundation

Notes To Financial Statements

Year Ended June 30, 2014

Note 11. Contingencies

On February 5, 1998, the Foundation entered into an investment agreement with Southeastern Louisiana University (SLU). Under the terms of this agreement, the Foundation, acting as an agent for SLU, holds funds for endowed professorships, endowed chairs, and endowment funds and provides investment review and management of these funds. The agreement also stipulates that if the principal amount as of June 30th of each year falls below the endowment base, the Foundation must use other revenues to restore the principal amount to the endowment base. As of June 30, 2014, the endowment base is \$8,360,000 and the fair value of the investment is \$13,913,094 resulting in a \$5,553,094 surplus.

Note 12. Concentrations Of Credit Risk Arising From Cash Deposits

The Foundation maintains its cash balances at banks that are insured by the Federal Deposit Insurance Corporation. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2014 the Foundation had no cash balances in excess of FDIC insured limits.

Note 13. Deferred Rents

On June 18, 2002, the Foundation entered into a cooperative endeavor agreement with the Livingston Parish School Board and the Livingston Educational Public Benefit Corporation to rent the Livingston Parish Literacy Center for a term of twenty-five years as an education facility. The lease payments included \$1,000,000 paid in 2006 with five annual payments of \$260,474.50 for a total of \$2,302,372.50. The lease term is 25 years. Rental payments commenced upon substantial completion of the facility constructed under court order. At June 30, 2014, \$92,095 was recognized as income for the year with a balance of \$1,473,518 recorded as deferred rent.

Note 14. Comparative Totals For 2013

The financial statements include certain prior year summarized comparative information in total but not by fund. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2013, from which the summarized information was derived.

Southeastern Louisiana University Foundation
Notes To Financial Statements
Year Ended June 30, 2014

Note 15. Reclassification

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation.

Note 16. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 23, 2014. The Organization has entered into an agreement to sell land received as a donation in 2014.

Supplemental Schedules

Southeastern Louisiana University Foundation
Schedule Of Expenses
Year Ended June 30, 2014
(With Comparative Totals For 2013)

Expenses	2014	2013
Restricted		
Scholarships	\$ 95,377	\$ 64,321
Professorships	-	-
Departmental	360,378	382,213
Programs	437,430	657,796
Depreciation	136,349	134,793
Other operating	1,177	3,187
In-Kind	6,827	21,926
Interfund transfers	69,939	(11,312)
Transfers out	-	2,000
Uncollectible Pledges	9,100	9,911
	<u>\$ 1,116,577</u>	<u>\$ 1,264,835</u>
Endowment		
Scholarships	\$ 342,690	\$ 349,806
Investment Fees	135,046	128,620
Interfund transfers	17,446	7,108
Transfers out	-	14,925
Merchant fees	358	370
Investment Manager Fees	417,661	402,194
	<u>\$ 913,201</u>	<u>\$ 903,023</u>
Unrestricted		
Dues	\$ 14,753	\$ 13,345
Fundraising	128,484	58,147
Legal	1,832	9,246
Other operating	21,127	20,475
Professional Development	10,178	36,425
Professional Fees	58,748	66,450
Salary and Benefits	246,295	251,280
Interfund transfers	69,625	38,200
Transfers out	25,000	60,000
Special Events	31,146	11,386
Uncollectible Pledges	2,650	3,420
In-Kind	976	-
University Promotions	25,360	15,481
	<u>\$ 636,174</u>	<u>\$ 583,855</u>

The Notes to Financial Statements are an integral part of these statements.

**Other Independent Auditor's Report
And Findings And Recommendations**

PEDELAHORE & CO., LLP

Certified Public Accountants

Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

To the Board of Directors
Southeastern Louisiana University Foundation
Hammond, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial suits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Southeastern Louisiana University Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 23, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Southeastern Louisiana University Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southeastern Louisiana University Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weakness or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether Southeastern Louisiana University Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contract, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the management of Southeastern Louisiana University Foundation the Board of Directors, others within the Foundation, the Louisiana Legislative Auditor and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Pedellahore & Co, LLP

October 23, 2014
New Orleans, Louisiana

Southeastern Louisiana University Foundation
Schedule Of Findings And Questioned Costs
Year Ended June 30, 2014

Section I – Summary Of Auditor’s Results

Financial Statements

Type of auditors’ report issued:	Unqualified		
Internal control over financial reporting:			
Material weakness identified?	_____	Yes <u> X </u>	No
Significant deficiencies not considered to be material weakness?	_____	Yes <u> X </u>	None Reported
Noncompliance material to financial statements noted?	_____	Yes <u> X </u>	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	Not Applicable
Significant deficiencies not considered to be material weakness?	Not Applicable
Type of auditors’ report issued on compliance for major programs:	Not Applicable
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?	Not Applicable

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

Not Applicable

Dollar threshold used to distinguish between Type A and Type B programs:	Not Applicable
Auditee qualified as low-risk audit?	Not Applicable

Section II – Internal Control And Compliance

No reported findings for the year ended June 30, 2014

Section III – Management Letter Comments

No reported findings for the year ended June 30, 2014

Southeastern Louisiana University Foundation
Summary Schedule Of Prior Audit Findings
Year Ended June 30, 2014

Section I – Compliance And Internal Control Material To The Financial Statements

No reported findings for the year ended June 30, 2013

Section II – Internal Control And Compliance

No reported findings for the year ended June 30, 2013

Section III – Management Letter

No reported findings for the year ended June 30, 2013